



Control Number: 46304




Item Number: 24

Public Utility Commission of Texas

Memorandum

2022 JAN 25 PM 4:27

TO: Chairman Peter M. Lake
Commissioner Will McAdams
Commissioner Lori Cobos

FROM: Commissioner Jimmy Glotfelty 

DATE: January 26, 2022

RE: Open Meeting - Agenda Item No. 2 Project #46304

Chairman Lake requested, at our September 2, 2021, Open Meeting, that I lead a review of the Southern Cross project with an eye on 'removing the red tape' associated with this multi-year transmission development. In my opinion, it is time that the PUC and ERCOT close a chapter on this project, ensure that tasks under our jurisdiction are completed and allow the project to stand or fail on its own economic merits.

The Southern Cross Transmission (SCT) High Voltage Direct Current (HVDC) bi-directional transmission line "DC tie" has been in the PUC's regulatory process for literally a decade – almost eleven years. Garland Power & Light filed a Certificate of Convenience and Necessity (CCN) application with the commission on February 16, 2016, to build facilities necessary to interconnect the SCT to ERCOT. The commission issued the CCN in May of 2017. Since then ERCOT and SCT have been working through Commission directives to ensure a reliable system.

HVDC/DC tie projects are different than the AC transmission lines we primarily build in ERCOT. HVDC/DC tie projects such as Southern Cross can interconnect our system to neighboring systems without the risk of FERC jurisdiction. Furthermore, they can allow us to share energy in both directions in times of emergency and can solely offer a "user pays" model rather than socializing all costs. I believe these characteristics will benefit consumers in ERCOT.

After discussions with stakeholders and reviewing the almost two dozen public comments we received, I believe we can finalize the regulatory and ERCOT review of the SCT by the end of October 2022. It appears that both ERCOT and Southern Cross are on the same page and have been working well together over the years with the goal of completing the review & directives.

I propose the path forward is as follows:

- 1) In order to complete the Commission and ERCOT review of the final SCT directives, I suggest our conversation today will strongly encourage the ERCOT Board and ERCOT staff to adhere to the timeline laid out in their December 6, 2021, filing in

Docket #46304. This would ensure completion of the ‘substantive’ Directives (#6, 8, 11 and 12) no later than September 2022 – maybe even sooner.

- 2) As I mentioned at the January 13th Open meeting, the export tariff that is currently is in effect, was developed prior to competition in Texas. There are numerous challenges with this part of the tariff for DC ties, and I would ask my fellow commissioners support a discussion of this topic. To achieve that, I would like to direct Staff to open a new project and publish a discussion draft (strawman) at the soonest time possible that would amend §25.192(e) of our substantive rules to remove the seasonal component of the transmission service charge for exports of power from ERCOT. I would propose this be for a thirty-day comment period and include short time period for ‘reply comments’.
- 3) Finally, the transmission planning process in ERCOT, as in most other ISO’s and RTO’s does not fit for DC ties. They are just a different kind of transmission resource and thus we need to ensure that they can and will be given a fair opportunity to participate in the ERCOT market. ERCOT is currently evaluating a DC line as a possible solution to a west Texas congestion problem. It is my request that we consider interconnection and transmission planning issues associated with DC lines as part of our soon to be opened rulemaking on transmission planning to implement SB 1281 (87th Regular Session) that deals with the consumer benefit test for new transmission.

My desire here is to finish the regulatory review of the SCT project and better define the process for others like it, so as to help ERCOT become a more reliable system thru additional interconnections that remain under the jurisdiction of the PUC and not FERC.

EXPORT TARIFF RULE STRAWMAN

Amend 16 Tex. Admin. Code § 25.192(e):

- (e) **Transmission rates for exports from ERCOT.** Transmission service charges for exports of power from ERCOT will be assessed to transmission service customers for transmission service within the boundaries of the ERCOT region, in accordance with this section and the ERCOT protocols.
- (1) A transmission service customer shall be assessed a transmission service charge for the use of the ERCOT transmission system in exporting power from ERCOT based on the megawatts that are actually exported, the duration of the transaction and the rates established under subsections (c) and (d) of this section. Billing intervals shall consist of a year, month, week, day, or hour.
 - (2) The monthly ~~on-peak transmission rate will be one-fourth the TSP's annual rate, and the monthly off-peak transmission rate will be one-twelfth the TSP's~~ annual rate. ~~The peak period used to determine the applicable transmission rate for such transactions shall be the months of June, July, August, and September.~~
 - (3) ~~The DSP or an~~ entity scheduling the export of power over a DC tie is solely responsible to the TSP for payment of transmission service charges under this subsection.
 - (4) ~~A transmission service customer's charges for use of the ERCOT transmission system for export purposes on a monthly basis shall not exceed the annual transmission charge for the transaction.~~